the provisions of Residuary Non-Banking Companies (Reserve Bank) Directions, 1987 relating to period of deposit, rate of interest, manner of investment, form of application, etc.

(c) With a view to safeguard the interests of depositors who have already deposited their saving with the said company, RBI have directed the company not to withdraw iny amount from its fixed deposit accounts with various banks and investments in approved securities except for the purpose of repayment of dues to the depositors/ certificate holders.

**Refinance Assistance for Private Sector Banks from SIDBI**

788. SHRIMATI PRATIBHA SINGH:
SHRI ASHOK NATH VERMA:

Will the Minister of FINANCE b pleased to state:

(a) whether Private sector banks are elig ble for refinance assistance from Sma Industrial Development Bank of India; ar

(b) if so, what are the names and detai of such banks, schemes and their eligibili conditions for their refinance?

THE MINISTER OF STATE IN TH MINISTRY OF FINANCE (SHRI DALBI SINGH): (a) and (b) The Small Industri Development Bank of India (SIDBI) h reported that all Scheduled Commerci banks, including those in the private secto are eligible for assistance under the r finance scheme of SIDBI.

Details of various refinance schemes beir operated by SIDBI are given in the Stat ment given below.

**Statement**

*SIDBI's Scheme of Assistance for SSI Sector.*

*Refinance Scheme* :

Special schemes have been tailored to suit the requirment of specific target groups. The salie features of such schemes are given below :

(1). *Composite Loan Scheme (CLS)*

Under the scheme, assistance is provided for equipment or working capital or both. No pr motores contribution is insisted upon. The scheme covers loans upto Rs. 50,0 sanctioned to artisans, village and cottage industries and small scale industries in ti sector by eligible institutions. Eligible institutions are advised not to insist on collate security.

(2) *Scheme for SC/ST and Physically Handicapped Entrepreneurs.*

The loans to scheduled caste/scheduled tribe and also physically handicapped entrepreneu cover equipment finance or working capital or both upto an amount of Rs. 50,000 p project under this scheme. No promoters contribution is insisted upon as also no coll teral security should be stipulated by the primary lending institutions.

(3) *Scheme for Women Entrepreneurs*

The scheme has been formulated with the twin objectives of providing training and extensi services support to the women entrepreneurs and extended financial assistance on libe terms to enable them to set up industrial units in the samll scale sector. All projects SSI sector including cottage, village and tiny industries promoted and managed by wom entrepreneurs are eligible for assistance. The special feature of the scheme is that the w men entrepreneurs are required to provide only 15% promoters contribution irrespecti of location. No collateral security is to be insisted upon under this scheme.

(4) *Assistance to Small Road Transport Operators (SRTOs.)*

Term loans for acquiring new vehicles registered as public carriers or contract carriers a eligible for assistance. Ordinarily, only 6 Vehicles could be financed per SRTO. The ma mum number of vehicles per borrower cooperative company formed by the Ex-servicem (including widows of Ex-servicemen) is 20.

(5) *National Equity Fund (NEF)*

To provide equity type of support to small entrepreneurs to set up new projects in tiny/small scale sector and rehabilitation of viable sick units in SSI sector, SIDBI and GOI has created a fund viz. NEF with an initial contribution of Rs. 5 crores each. Assistance out of the fund is provided through public sector banks, SFCs and twin function IDCs, private sector banks and scheduled urban co-operative banks. All projects upto a cost not exceeding Rs. 10 lakhs (recently enhanced from Rs.5 lakhs) including margin money for working capital in the case of new projects and total outlay on rehabilitation not exceeding Rs. 10 lakhs per project can be covered under the scheme. Projects should be located in a village/town with population upto 5 lakhs. For projects located in North Eastern Region and in case of rehabilitation proposals, the population limits is 15 lakhs. The amount required for meeting the gap in equity as per debt equity norm of 3 : 1 after taking into account promoters contribution subject to a maximum of 15% of the project cost within the ceiling of Rs. 1,50,000 per project (recently enhanced from Rs. 75,000) is extended by way of soft loan. The amount extended does not carry any interest but only service charge at 1% per annum is payable. No security including collateral is insisted upon for soft loan.

(6) *Single Window Scheme (SWS)*

The scheme is intended to provide term loan for acquiring fixed assets as well as for working capital from the same agency. New tiny and small scale units whose requirements is Rs. 20 lakhs. The scheme is operated through SFCs, twin function IDCs and also scheduled commercial banks.

(7) *Scheme of Refinance Assistance for Quality Control facilities*

The scheme has been drawn up to encourage SSI units to establish in house facilities for testing and quality control with a view to ensuring better market acceptability for their products. Assistance by way of term loan not exceeding Rs. 7.5 lakhs per project on concessional terms is provided. All SSI units, new as well as existing are eligible for assistance. No promoters contribution is insisted upon.

(8) *Refinance Scheme for acquisition of DG Sets.*

The scheme covers term loans for SSI unit to instal stand by diseal generating sets, with lowe, promoters contribution of 10%. Besides, the cost of DG Sets, cost of construction of shed/room required for housing the DG sets is also eligible for assistance.

(9) *Assistance for installation of renewable energy system*

To encourage manufacture and use of equipment for harnessing renewable sources of energy assistance is provided for both manufacture and installation of equipment related to the use of renewale sources of energy by industrial units.

In view of the increasing importance placed on pollution control, term loans are granted exclusively for acquiring pollution control equipment by assisted concerns whose projects are pollution prone and under implementation are eligible for assistance.

(10) *Scheme for Modernisation of Small Scale Industries*

With a view to encouraging industrial units to overcome backlog of modernisation and to adopt improved and updated technology and methods of production and prevent mechanical and technological obsolescence, need based assistance is provided under the scheme. Normally the units to be eligible for modernisation assistance should be in existence at least for a period of 5 years. This could be relaxed in the case of industries which are exposed to rapid technological obsolescence. Besides, the need for modernisation, the benefits that would accrue by way of reduction in unit cost of production, technology improvement, improved productivity both in quality and quantity, better profitability etc. would be scrutinised while considering assistance.

(11) *Scheme for Rehabilitation of SSI*

Potentially viable but sick units meeting the viability norms would be eligible for rehabilitation assistance on concessional terms.

The SSI unit is considered sick, if it has, at the end of any accounting year, accumulated losses equal to or exceeding 50% of its peak net worth in the immediately preceeding five accounting years. In the case of tiny/decentralised sector also a unit may be considered as sick

if it satisfies the above definition. However, in the case of such units, if it is difficult, to get financial particulars, a unit may be considered as sick, if it defaults continuously for a period of one year, in the payment of interest or in stalments of principal and there are persistent irregularities in the operation of its credit limit with the bank. Rehabilitation scheme drawn up by the eligible institutions should be comprehensive covering all factors of responsible for sickness and the proposed remedial measures. The minimum capital expenditure required for restarting the operations on a viable footing, margin money for additional working capital, payment of statutory liabilities, pressing creditors, cash losses could be covered under the scheme.

(12). *Acquisition of Electromedical and other Equipment*

Qualified medical practitioners including Ayurvedic doctors for their professional use and to diagnostic centres/clinic promoted by entrepreneurs other than qualified medical professionals, provided they associate qualified dctors, could avail of term loans for purchases of Electromedical and other equipment upto Rs. 60 lakhs.

(13) *Small Hospitals, Nursing Homes, Hotels, Restaurants, Tourisim activities*

Term loans are available for setting up of small hotels, restaurtants, nursing homes and toruism related projects, particularly, in urban/semi-urban areas and with limited resources of small entrepreneurs. Expension/modernisation of existing units are also covered. In all such cases, project cost should not exceed Rs. 45 lakhs.

The project cost may include land, building, office equipment, kitechen equipment, air-conditioner etc. in respect of hotel projects. In the case of small nursing homes, the project cost can include land, building, equipment required for medical treatment including diagnostic monitoring and therapeutic equipment etc. To be eligible for assistance under the scheme, hospitals should have facilities for diagnosis and treatment of indoor as well as outdoor patients with 10 or more but less than 50 beds. They should also be willing to provide medical service at concessional rates to patients from low income groups. Setting up or development of amusement parks, cultural centres, convention centres, restaurants, tourist service agencies etc. are included in tourism related facilities.

14. *Qualified Professionals*

Qualified professionals in the field of management, accountancy, medicine, architecture, engineering etc. are assisted under this scheme for setting up for the first time their professional practice, consultancy ventures of the project, not exceeding Rs. 10 lakhs. It may include cost of land, building, furniture, fixtures and equipment related to the profession.

15. *Purchase of Mobile Sales Van*

Loan is granted for acquisition of mobile vans to be utilised exclusively for stocking, display, sale of KVI products as also for transport of raw materials for producing KVI products under the scheme. All KVI institutions, including KVI Boards are eligible for assistance provided the proposals have KVIC support under its Interest Subsidy Scheme. Loan per vehicle under the scheme shall not exceed Rs. 3 lakhs and number of vehicles shall not exceed 6 per borrower.

16. *Assistance to marketing organisations*

The object of the scheme is to develop a good marketing network for village and small industry products by encouraging marketing entrepreneurs to set up outlets for sale of SSI decentralised sector products. Individuals, partnership concerns, private and public limited companies with experience in marketing village and small industrices products are eligible for assistance. New projects involving setting up of outlets and existing ones for undertaking renovations/expansion of their outlets for marketing products of SSI, cottage and village industries are assisted under the scheme. The cost of the project shall not exceed Rs. 25 lakhs.

17. *Acquisition of Computers under Refinance Scheme*

Keeping in line with modernisation and technology upgradation schemes which were introduced earlier, special refinance scheme for acquisition of computers including accessories like printer and initial software was introduced for supplementing efforts of SSI units.

18. *Setting up of Industrial Estates*

The objective is to extend assistance for setting up of industrial estates by public or private limited companies, partnerships etc. and local bodies such as municipalities, cooperatives, corporate bodies promoted by SIDC etc. for exclusive allotment to SSI units.

19. *Scheme for Indigenisation/Import Substitution*

In order to encouage existing SSI and ancillary units to take up development of new products indigenisation of products hitherto imported, it has been decided to extend refinance against term loans upto Rs. 5 lakhs per product. To be eligible for assistance, SSI/ancillary units should be promoted preferably by technocrats/professionals with adequate knowledge and experience in the Field.

*Interest Rate Structure under SIDBI's Refinance Scheme*

As on October 09, 1991

| | Interest on Loan | Interest on Refinance |
|---|---|---|
| *A. Refinance against term loans to SSI units* | | |
| (including Composite Loan Scheme, Single Window Scheme and SRTOs owning upto 2 Vehicles) | | |
| (i) Upto & Inclusive of Rs. 7,500 | 11.5% | 8.5% |
| (ii) Over Rs. 7,500 & upto Rs. 15,000 | 13.0% | 10.0% |
| (iii) Over Rs. 15,000 & upto Rs. 25,000 | 13.5% | 10.5% |
| (iv) Over Rs. 25,000 & upto Rs. 50,000 | 14.0% | 11.0% |
| (v) Over Rs. 50,000 & upto Rs. 2 lakhs | 15.0% | 12.0% |
| (vi) Loans exceeding Rs. 2 lakhs to— | | |
| (a) SSI Units | 18.0% | 15.0% |
| (b) Road Transport Operators | 20.0% | 17.0% |
| *B. All loans for following activities* : | | |
| (a) Hotels & tourism related activities.<br>(b) Electro medical equipment<br>(c) Hospitals & nursing homes | 16.0% | 15.0% |

*C. Refinance aginst loans for working capital under Single Window Scheme*

| | | SFCs/SIDCs | Banks. |
|---|---|---|---|
| (i) Upto & inclusive of Rs. 7,500 | 11.5% | 8.5% | 9.5% |
| (ii) Over Rs. 7,500 & upto Rs. 15,000 | 13.0% | 10.0% | 11.0% |
| (iii) Over Rs. 15,000 & upto Rs. 25,000 | 13.5% | 10.5% | 11.5% |
| (iv) Over Rs. 25,000 & upto Rs. 50,000 | 15.5% | 12.5% | 13.5% |
| (v) Loans over Rs. 50,000 & upto Rs. 2 Lakhs | 16.5% | 13.5% | 14.5% |
| (vi) Loans exceeding Rs. 2 lakhs | 19.0% | 16.0% | 17.0% |